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## FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 3.17.2009

Wall Street Journal: "Political Heat Sears AIG ... President Barack Obama said Monday that he would "pursue every single legal avenue to block" \$165 million in bonuses to American International Group Inc. employees who were in part responsible for the insurance giant's near collapse. But hours later, administration officials said the payouts made Friday couldn't be extracted from their recipients without a legal fight that would cost the taxpayers even more."

Wall Street Journal: "Wall Street Pursues Pay Loopholes ... Some Wall Street firms are looking for ways to sidestep tough new federal caps on compensation."

Wall Street Journal, Peter Wallison: "Congress Is the Real Systemic Risk ... After their experience with Fannie Mae and Freddie Mac, you'd think that Congress would no longer be interested in creating companies seen by the market as backed by the government. Yet that is exactly what the relevant congressional committees -- the Senate Banking Committee and the House Financial Services Committee -- are now considering."

Wall Street Journal, Editorial: "The Real AIG Outrage ... President Obama joined yesterday in the clamor of outrage at AIG for paying some \$165 million in contractually obligated employee bonuses. He and the rest of the political class thus neatly deflected attention from the larger outrage, which is the five-month Beltway cover-up over who benefited most from the AIG bailout."

Financial Times: "US acts to help small businesses ... The US Treasury will try to restart lending to small businesses by spending up to \$15bn to buy securities from banks and cajoling them to write new loans."

Associated Press: "Obama offers more aid to small businesses ... President Barack Obama on Monday offered a fresh package of aid to small businesses - "the heart of the American economy" - in an aggressive push to get big banks that

got federal bailout money to do more lending to these struggling entrepreneurs."

USA Today: "Shelby assails Geithner's handling of AIG bonuses ... The top Republican on the Senate Banking Committee is questioning whether Treasury Secretary Timothy Geithner responded appropriately to American Insurance Group's payment of millions in executive bonuses."

USA Today: "Reports of mortgage fraud jump 26% in past year ... The mortgage industry, applying far more scrutiny after a tidal wave of defaults, reported a record number of mortgage fraud incidents last year, with Rhode Island making its first appearance as the nation's top fraud hot spot."

Washington Post: "Anger Over Firm Depletes Obama's Political Capital ... President Obama's apparent inability to block executive bonuses at insurance giant AIG has dealt a sharp blow to his young administration and is threatening to derail both public and congressional support for his ambitious political agenda."

Washington Post, Milbank: "Scolding the Bonus Babies ... AIG, the insurance giant at the core of the financial meltdown, struck again over the weekend, disclosing that it would use some of its \$170 billion in federal bailout money to reward its employees with \$165 million in bonuses. And Obama was left looking like a pitiful giant as his aides explained that there was absolutely nothing they could do to stop the obscene payouts -- even though the government owns 80 percent of AIG."

USA Today: "Critics blast AIG as flap escalates over bonuses ... President Obama latched on to the latest round of populist anger over corporate greed Monday, ordering his Treasury secretary to "pursue every legal avenue" to stop insurance giant AIG from giving \$165 million in bonuses to some of the executives who drove the company into financial ruin before it was rescued by a government bailout."

Politico: "AIG uproar speeds action on new regs ... The furor over bailed-out insurance giant AIG is adding urgency to President Barack Obama's longtime plan to tighten regulations on financial firms, with an administration plan now set for unveiling next week. The plans will take shape at a hearing by House Financial Services Committee Chairman Barney Frank (D-Mass.), who will take the lead on the complex, heavily lobbied issue."

Politico: "Schumer snubs cramdown compromise ... A major housing bill is stalled in the Senate, but a key senator is rejecting a potential compromise on a divisive bankruptcy provision. Sen. Charles Schumer (D-N.Y.) says a compromise floated that would limit the so-called cramdown provision to subprime and other nontraditional loans would undermine the point of the legislation."

Politico: "AIG bonuses: Bring on the lawyers ... The only real difference between Bernie Madoff and the management of AIG is that when Bernie Madoff got caught, he pleaded guilty. When AIG got caught, it asked the government for \$170 billion."

Roll Call: "Democrats Struggle to Reach 60 on Bankruptcy ... If you want drama, turn off "America's Next Top Model" and tune in to the Democrats' troubled quest to pass bankruptcy reforms for homeowners."

National Review, Lowry: "AIG Shame ... Now, that's cost efficiency. It took a mere \$165 million to discredit the entire \$11.6 trillion edifice of bailouts, capital infusions, and guarantees that have accompanied the financial meltdown."

Investor's Business Daily, Kudlow: "Combine Mark-To-Market Reform With Upward-Sloping Yield Curve ... Is it really necessary for taxpayers to spend another dime on the TARP? We've already committed \$700 billion, half of which was spent under President Bush and half of which is coming under President Obama."